

- **Gift-tax advantages** Contribute up to \$12,000 annually (\$24,000 for married couples who elect to split gifts) without filing a gift-tax return or paying gift taxes. However, contributions to the plan are treated as a gift to the beneficiary for gift and generation skipping transfer tax purposes so you need to be aware of this, particularly if you are making other gifts to the beneficiary. This assumes no other gifts are made to the beneficiary in the same tax year.
- **Federal and state tax-free withdrawals for qualified expenses.** Note withdrawals for non-qualified expenses may be subject to federal taxes as well as a 10 percent early withdrawal penalty. Contributions are not deductible for state or federal income tax purposes.

## Start planning for college today:

- visit [www.Alabama529.com](http://www.Alabama529.com)  
or [www.treasury.alabama.gov](http://www.treasury.alabama.gov)
- call (866) 529-ACCT for the Alabama Higher Education 529 Fund
- call (800) 252-7228 for PACT



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Van Kampen Funds Inc.  
1 Parkview Plaza, P.O. Box 5555  
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[www.vankampen.com](http://www.vankampen.com)

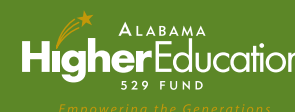
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Dream.  
Build.  
Achieve.

## Help Shape Alabama's Future

Plan Today for a Child's College Education



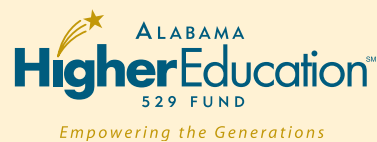
NOT FDIC INSURED	OFFER NO BANK GUARANTEE
NOT INSURED BY ANY GOVERNMENT AGENCY	
MAY LOSE VALUE	NOT A DEPOSIT

## College planning tools to fit your needs.

The Alabama Higher Education 529 Fund is a college investment plan and PACT is a prepaid tuition program. Before you decide on one or both of these Qualified Tuition Programs, it's important to understand the similarities and differences between the two plans. Both feature:

- Convenient contribution/payment options
- No income limitations
- Flexibility—anyone can open and contribute to the account
- Ability to name other family members as beneficiary. The new beneficiary must be a member of the family of the previous beneficiary, as defined in the Program Disclosure Statement.

# Compare the two education investment programs offered by the State of Alabama:



## ALABAMA HIGHER EDUCATION 529 FUND ALLOWS YOU TO:

- Help pay for tuition, room and board, books and fees at most accredited colleges nationwide.
- Open an account with as little as \$250—or \$25 a month. Contribute until your account balance reaches \$300,000.
- Choose from three flexible investment strategies: Years to Enrollment Portfolios, Fixed Portfolios or Individual Fund Portfolios.
- Help pay for undergraduate and/or advanced degrees.

## IT'S IMPORTANT TO REMEMBER:

- Changes to your investment selections can only be made once per calendar year or upon beneficiary change.
- The Alabama Higher Education 529 Fund is a college investment plan managed by Van Kampen Investments.
- Enrollment is available throughout the year.

## IMPORTANT NOTE ABOUT FEES:

- There are no transaction or enrollment fees for Alabama residents participating in the direct-sold plan. However, other charges and expenses do apply. See Program Disclosure for complete information.



## PACT ALLOWS YOU TO:

- Pre-pay for 128 undergraduate semester hours of tuition and 8 semesters of qualified fee payments at any Alabama public college or university.
- Purchase contracts for any child—from infant to 9th grade. Three payment options include:
  - lump sum payment
  - five-year monthly payment plan
  - extended monthly payment plan

## IT'S IMPORTANT TO REMEMBER:

- PACT contracts can be used at out-of-state or private schools. Tuition payments to these institutions will be equal to the weighted average of tuition and fees paid at Alabama public four-year institutions.
- The contract does not cover books, room and board, or advanced degrees.
- Enrollment is open from October through December.

## IMPORTANT NOTE ABOUT FEES:

- Transaction and enrollment fees apply for all enrollees.

An investor should consider the investment objectives, risks, charges and expenses associated with the Programs before investing. All of this information, including risk factors and possible tax consequences, is contained in the Programs' Disclosure Statements. Please read them carefully before investing. For a copy, call (866) 529-ACCT (2228) or visit [Alabama529.com](http://Alabama529.com) or [www.treasury.alabama.gov](http://www.treasury.alabama.gov).

If you or your beneficiary are not Alabama residents, consider whether your home state or the home state of your designated beneficiary offers a qualified tuition program that provides state tax or other benefits that are available only for investments in your home state's qualified tuition program.

The Programs are sponsored by the State of Alabama and are designed to be Qualified Tuition Programs under Section 529 of the Internal Revenue Code. The FDIC, the State of Alabama, the Treasurer of the State of Alabama, the Board of Trustees of the Program or any other federal or state governmental agency do not insure or guarantee accounts and investments under the Programs. Van Kampen Funds, Inc. is the underwriter for the Alabama Higher Education 529 Fund. Van Kampen Funds Inc. is an affiliate of Morgan Stanley DW Inc., which serves as an independent distributor for the Alabama Higher Education 529 Fund.

The tax information contained herein is a summary and is not intended to be complete. The applicable federal, state and local tax rules are complex; at present, some of the rules are uncertain and their application to any particular person may vary according to that individual's specific circumstances. Each taxpayer should seek advice, based on their particular circumstances, from a tax advisor.